

BINGHAM, DANA & GOULD

150 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110-1726

TELEPHONE: (617) 951-8000
TELEX: 275147 BDGBSN UR
CABLE ADDRESS: BLODGHAM BSN
TELECOPY: (617) 951-8736

WASHINGTON OFFICE
(202) 822-9320

HARTFORD OFFICE
(203) 244-3770

LONDON OFFICE
011-44-71-799-2646

December 7, 1993

RECORDATION NO. **18504** FILED 1425

DEC 8 1993 -9 50 AM

INTERSTATE COMMERCE COMMISSION

BY MESSENGER

Interstate Commerce Commission
Room 2303
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

Attention: Ms. Mildred Lee

Ladies and Gentlemen:

Enclosed for recording with the Commission pursuant to Section 11303 of Title 49 of the U.S. Code are executed and notarized copies of the document described below.

This document is a Security Agreement, a primary document dated as of December 7, 1993, between Chaparral Railroad Company, Inc., as the debtor (the "Debtor"), and Kiamichi Railroad Company, Inc., as the secured party (the "Secured Party"), covering the Debtor's rolling stock now owned or hereafter acquired and all other properties and rights of the Debtor. Descriptions of the rolling stock are attached to the Security Agreement as Schedule 4(b), as the same may be revised from time to time, but the property covered by the Security Agreement is not limited to that listed in Schedule 4(b).

The names and addresses of the parties to the Security Agreement are as follows: the Debtor is Chaparral Railroad Company, Inc. whose chief executive office is located at 303 West Jackson, Hugo, Oklahoma 74743, the Secured Party is Kiamichi Railroad Company, Inc., whose chief executive office is located at 303 West Jackson, Hugo, Oklahoma 74743.

Included in the property covered by the aforesaid Security Agreement are railroad cars, locomotives and other rolling stock intended for use related to interstate commerce, or interests therein, owned and leased by the Debtor after the date of said Security Agreement.

BOS-BUS:15512.1

Y. J. Moore

BINGHAM, DANA & GOULD

Interstate Commerce Commission

December 7, 1993

Page 2

A short summary of the document to appear in the Commission's Recordation Register is as follows:

"A Security Agreement, dated as of December 7, 1993, between Chaparral Railroad Company, Inc., as the debtor, and Kiamichi Railroad Company, Inc., as the secured party, covering the debtor's rolling stock and all other properties and rights of the debtor now owned or hereafter acquired. Descriptions of the rolling stock are attached to the Security Agreement as Schedule 4(b), but Schedule 4(b) shall not limit the secured party's security interest in after-acquired rolling stock."

Also enclosed is a check in the amount of \$18.00, payable to the Interstate Commerce Commission, to cover the recording fee prescribed by the Commission in its rules and regulations.

Please acknowledge receipt of the enclosed documents at your earliest convenience by stamping and returning to the undersigned the enclosed copy of this letter together with the Security Agreement as filed.

If you have any questions with respect to the enclosed documents, please call the undersigned collect at (617) 951-8000.

Sincerely,


Julie Scallen Reed

JSR/mh
Enc.

18504
RECORDATION NO. _____ FILED 1425

DEC 8 1993 -9 50 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

CHAPARRAL RAILROAD COMPANY, INC.

This SECURITY AGREEMENT, dated as of December 7, 1993 is by and between CHAPARRAL RAILROAD COMPANY, INC., a Delaware corporation having its principal place of business at 303 West Jackson, Hugo, Oklahoma 74743 (the "Company") and KIAMICHI RAILROAD COMPANY, INC., a Delaware corporation (the "Lender") in connection with that certain Demand Note dated December 7, 1993 in the original principal amount of \$1,156,000 executed by the Company in favor of the Lender (the "Note"). Capitalized terms which are used herein without definition shall have the same meanings herein as in the Revolving Credit Agreement of even date herewith between the Lender and The First National Bank of Boston.

§1. GRANT OF SECURITY INTEREST. To secure the due and prompt payment and performance of the Obligations (as defined below), the Company hereby pledges, assigns and grants to the Lender a continuing security interest in and lien on all properties, assets and rights of the Company of every kind and nature, wherever located, now owned or hereafter acquired or arising, and all proceeds and products thereof, including, without limiting the generality of the foregoing, all goods, accounts, including all accounts receivable, contract rights, including, without limitation, all rights of the Company under any interest rate protection arrangements, all rights of the Company under leases of equipment and other personal property, and all rights of the Company under any agreements with operating railroads pursuant to which rights of passage over tracks are granted during periods of emergency and disasters, rights to the payment of money including tax refund claims, insurance proceeds and tort claims, chattel paper, documents, instruments, general intangibles, the Company's operating certificate from the Interstate Commerce Commission, securities, together with all income therefrom, increases thereunder and proceeds thereof, patents, trademarks, tradenames, copyrights, engineering drawings, service marks, customer lists, books and records, furniture, fixtures, rolling stock of every kind and description, locomotives, rail, ties and capital improvements thereon, equipment, maintenance of way equipment, inventory and all other capital assets, raw materials, work in progress, and real property and interests in and rights in, on or over real property, including railbeds, yards and maintenance areas (all such properties, assets and rights hereinafter sometimes called, collectively, the "Collateral").

§2. OBLIGATIONS SECURED. The Collateral hereunder constitutes and will constitute continuing security for all of the indebtedness, obligations and liabilities of the

Company to the Lender and any other person who becomes a participant in or holder of any of the obligations comprising the Obligations (as defined below) under the Note, as such instrument is originally executed on the date hereof or as modified, amended, restated, supplemented or extended hereafter, whether such Obligations are now existing or hereafter arising, joint or several, direct or indirect, absolute or contingent, due or to become due, matured or unmatured, liquidated or unliquidated, arising by contract, operation of law or otherwise, and all Obligations of the Company to the Lender arising out of any extension, refinancing or refunding of any of the foregoing Obligations (collectively, the "Obligations").

§3. PRO RATA SECURITY; APPLICATION OF PROCEEDS OF COLLATERAL. All amounts owing with respect to the Obligations shall be secured pro rata by the Collateral without distinction as to whether some Obligations are then due and payable and other Obligations are not then due and payable. Upon any realization upon the Collateral by the Lender, whether by receipt of insurance proceeds pursuant to §4(g) hereof or upon foreclosure and sale of all or part of the Collateral pursuant to §8 hereof or otherwise, the Company agrees that the proceeds thereof shall be applied (i) first, to the payment of expenses incurred with respect to maintenance and protection of the Collateral pursuant to §4 hereof and of expenses incurred pursuant to §12 hereof with respect to the sale of or realization upon any of the Collateral or the perfection, enforcement or protection of the rights of the Lender (including reasonable attorneys' fees and expenses of every kind, including without limitation reasonable allocated costs of staff counsel); (ii) second, to all amounts of interest, expenses and fees outstanding which constitute the Obligations; (iii) third, to all amounts of principal outstanding under the Obligations; and (iv) fourth, the balance, if any, shall be returned to the Company or such other person entitled thereto. The Company agrees that all amounts received with respect to any of the Obligations, whether by realization on the Collateral or otherwise, shall be applied to the payment of the Obligations in accordance with the provisions of this §3.

§4. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

(a) Real Property. The Company represents to the Lender that the real property listed in Schedule 4(a) hereto constitutes all of the real property which the Company owns or leases. The Company agrees to notify the Lender of any other real property which the Company may hereafter acquire or lease.

(b) Rolling Stock. The Company represents to the Lender that the Rolling Stock (as defined in this §4(b)) listed on Schedule 4(b) hereto constitutes all of the Rolling Stock, including markings thereon and serial numbers thereof, which the Company owns or leases. The Company agrees not to change any markings or serial numbers on any of the Rolling Stock listed on Schedule 4(b) hereto until after the Company has given notice in writing to the Lender of its intention to make such change. The Company agrees to notify the Lender of any other Rolling Stock which the Company may hereafter acquire or lease. The Company agrees that it shall execute and deliver to the Lender supplemental security agreements and

other instruments, as referred to in paragraph (i) below of this §4, and file the same in the appropriate recording offices (i) with respect to the Rolling Stock listed on Schedule 4(b) hereto, (ii) at such times as any assignable right, title or interest is acquired in the future by the Company in any other Rolling Stock and (iii) at such times as any change is made in one or more of the markings or serial numbers on any of the Rolling Stock listed on Schedule 4(b) hereto or on any other Rolling Stock owned or leased by the Company. All such supplemental security agreements and other instruments shall secure all of the Obligations pro rata and shall be on terms and conditions satisfactory to the Lender as evidenced by its written consent thereto. The term "Rolling Stock" as used herein means all rolling stock of every kind and description, locomotives and all other rail cars.

(c) Patents, Trademarks, Copyrights. The Company represents to the Lender that as of the date hereof, except as set forth on Schedule 4(c) hereto, it has no right, title or interest in any patent, trademark registrations, copyright registrations or service mark registrations, or in any pending applications for the same and agrees promptly to furnish to the Lender written notice of each such patent, trademark, copyright or service mark registrations, or any applications for same, in which it may hereafter acquire any right, title or interest. The Company shall, on request by the Lender, execute, acknowledge and deliver all such documents and instruments as the Lender may reasonably require to confirm the Lender's security interest in and to any such patent, trademark or service mark registrations, or application for the same as part of the Collateral hereunder and appoints the Lender as the Company's attorney-in-fact to execute and file the same.

(d) Location of Chief Executive Office and Principal Place of Business. The Company represents to the Lender that the location of the Company's chief executive office and the principal place of business and the location where the books and records of the Company are kept is 303 West Jackson, Hugo, Oklahoma 74743. The Company further represents that attached hereto as Schedule 4(d) is a true and correct list of all localities where property comprising a part of the Collateral (other than interests in real property set forth in Schedule 4(a) hereto) is located. The Company agrees that it shall not change the location of its chief executive office or the location where its books and records are kept or the location of any property comprising a part of the Collateral other than changes in the location of Rolling Stock unless it shall have (i) given the Lender at least thirty (30) days' advance written notice of such change, and (ii) filed in all necessary jurisdictions such UCC-3 financing statements or other documents as may be necessary to continue without impairment or interruption the perfection and priority of the liens on the Collateral in favor of the Lender pursuant to this Agreement.

(e) Ownership of Collateral.

(i) The Company represents that it is the owner of the Collateral free from any adverse lien, security interest or encumbrance.

(ii) Except for the security interest herein granted, the Company shall be the owner of the Collateral free of any lien, security interest or encumbrance and the Company shall defend the same against all claims and demands of all persons at any time claiming the same or any interest therein adverse to the Lender. The Company shall not pledge, mortgage or create or suffer to exist a security interest in the Collateral in favor of any person other than the Lender.

(f) Sale or Disposition of Collateral. The Company shall not sell or offer to sell or otherwise transfer the Collateral or any interest therein except for sales of inventory in the ordinary course of business.

(g) Insurance. The Company shall have and maintain at all times with respect to the Collateral insurance against such casualties and contingencies and in such types and amounts and with such deductibles as shall be in accordance with sound business practices for companies in similar businesses similarly situated, such insurance to be payable to the Lender and to the Company as their interests may appear, and all such property insurance to name the Lender as loss payee. All policies of insurance shall provide for thirty (30) days' written minimum cancellation notice to the Lender. In the event of the Company's failure to provide and maintain insurance as herein provided, the Lender may, at its option, provide such insurance, and the Company hereby promises to pay to the Lender on demand the amount of any disbursements made by the Lender for such purpose. The Company shall furnish to the Lender certificates or other evidence satisfactory to the Lender of compliance with the foregoing insurance provisions. After the occurrence of an Event of Default or if the Company fails to obtain or maintain such insurance, the Lender may act as attorney for the Company in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts; and any amounts collected or received under any such policies shall be applied by the Lender to the Obligations in accordance with the provisions of §3 hereof or, at the option of the Lender, the same may be released to the Company, but such application or release shall not cure or waive any default hereunder and no amount so released shall be deemed a payment on any Obligation secured hereby.

(h) Maintenance of Collateral. The Company shall keep the Collateral in good order and repair (except for the Nonessential Property of the Company) and shall not use the Collateral in violation of law or any policy of insurance thereon. In order to confirm the compliance of the Company with the requirements of the preceding sentence or in the event the Lender deems itself insecure regarding the condition of the Collateral the Lender may, at any reasonable time, upon written notice to the Company inspect the Collateral, wherever located. The Company shall pay promptly when due all taxes and assessments upon the Collateral, upon the use and operation of the Collateral and upon this Agreement, except those taxes and assessments as are being in good faith appropriately contested by the Company and for which adequate reserves have been established. In its discretion, after the occurrence of an Event of Default, or if the Company fails to discharge unpaid taxes or encumbrances or pay filing fees, the Lender may make repairs of the Collateral, discharge

taxes and other encumbrances at any time levied or placed on the Collateral which remain unpaid and pay any necessary filing fees. The Company agrees to reimburse the Lender on demand for any and all expenditures so made and, until paid, the amount thereof shall be an Obligation secured by the Collateral. The Lender shall have no obligation to the Company to make any such expenditures, nor shall the making thereof relieve the Company of any default.

(i) Creation and Perfection of Lien. The Company represents and warrants to the Lender and covenants with the Lender that this Agreement creates a valid security interest in the Collateral as security for the payment and performance of the Obligations. Upon the filing and recording of this Agreement with the Interstate Commerce Commission (the "ICC") in accordance with §11303 of Title 49 of the United States Code and the rules and regulations thereunder, and upon the filing of UCC-1 financing statements in the form attached hereto as Exhibit A (the "Financing Statements") under the Uniform Commercial Code as the same may be in effect from time to time in the States of Oklahoma and Texas (the "UCC"), naming the Company as debtor and the Lender as secured party, such security interest shall be perfected under the UCC and the Interstate Commerce Act of 1887, as amended ("ICA"), and such security interest shall be prior to all other liens. No further filings, recordings or other actions are or will be necessary to maintain the priority of such security interest other than the filing of UCC continuation statements within six months prior to the expiration of a period of five years after the original filing. This Agreement and all documents to be filed herewith are in appropriate form for filing with the ICC. The Financing Statements are in appropriate form and have been duly filed pursuant to the UCC.

(j) No Further Actions. Except for the filings referred to in paragraph (i) above, no authorization, approval or other action by, and no notice of filing with, any governmental authority or regulatory body or other Person that has not been received, taken or made is required (i) for the granting by the Company of the security interest granted hereby or for the execution, delivery or performance of this Agreement by the Company, (ii) for the maintenance of the security interest hereunder (including the first priority nature of such security interest), or (iii) for the exercise by the Lender of the rights or the remedies with respect to the Collateral pursuant to this Agreement.

(k) Accounts Receivable. The Company shall keep or cause to be kept separate records of accounts receivable, which such records shall be complete and accurate in all material respects and, from time to time upon the request of the Lender, shall deliver to the Lender with respect to each account receivable lists setting forth the name, address, face value, and date of invoice of each debtor obligated on such account receivable.

(l) Government Contracts. The Company agrees that from time to time at the Lender's request, it shall execute all such documents, and take all such actions, as the Lender may reasonably deem necessary or proper to perfect the Lender's security interest in any Collateral consisting of the Company's rights to monies due or to become due under any

contracts or agreements with or orders from the United States government or any agency or department thereof.

(m) Securities. The Company agrees that it shall forthwith deliver and pledge to the Lender hereunder all certificates representing securities which the Company shall acquire, whether by purchase, stock dividend, distribution of capital or otherwise, along with stock powers or other appropriate instruments of assignment with respect thereto, duly executed in blank.

(n) Further Assurances By the Company. The Company agrees to execute and deliver to the Lender from time to time at its request all documents and instruments, including financing statements, supplemental security agreements, notices of assignments under the United States Assignment of Claims Act and under similar or local statutes and regulations, and to take all action as the Lender may reasonably deem necessary or proper to perfect or otherwise protect the security interest and lien created hereby.

§5. POWER OF ATTORNEY. (a) The Company acknowledges the Lender's right, to the extent permitted by applicable law, singly to execute and file financing or continuation statements and similar notices required by applicable law, and amendments thereto, concerning the Collateral without execution by the Company. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(b) The Company hereby irrevocably appoints the Lender as its attorney-in-fact, effective at all times subsequent to the occurrence of an Event of Default (as defined herein) and during the continuance thereof, with full authority in the place and stead of the Company and in the name of the Company or otherwise, to take any action and to execute any instrument which the Lender may deem necessary or advisable to accomplish the purpose of this Agreement, including, without limitation, the power and right (i) to endorse the Company's name on any checks, notes, acceptances, money orders, drafts, filings or other forms of payment or security that may come into the Lender's possession and (ii) to do all other things which the Lender then determines to be necessary to carry out the terms of this Agreement. The power conferred on the Lender hereunder is solely to protect the Lender's interests in the Collateral and shall not impose any duty upon the Lender to exercise such power.

§6. SECURITIES AS COLLATERAL. (a) Upon the occurrence and during the continuance of an Event of Default, the Lender may at any time, at its option, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon and hold such income as additional Collateral or apply it to the Obligations. If the Lender so elects to exercise its right herein and gives notice of such election to the Company, upon the occurrence and during the continuance of an Event of Default, the Lender may vote any or all

of the securities constituting Collateral possessing voting rights (whether or not the same shall have been transferred into its name or the name of its nominee or nominees) and give all consents, waivers and ratifications in respect of the securities constituting Collateral and otherwise act with respect thereto as though it were the outright owner thereof, the Company hereby irrevocably constituting and appointing the Lender the proxy and attorney-in-fact of the Company, with full power of substitution, to do so. So long as no Event of Default is continuing, the Company shall be entitled to receive all cash dividends paid in respect of the securities, to vote the securities and to give consents, waivers and ratifications in respect of the securities, provided that no vote shall be cast, or consent, waiver or ratification given or action taken which would be inconsistent with or violate any provisions of the Note.

(b) Any sums paid upon or in respect of any of the securities, upon the liquidation or dissolution of the issuer thereof, shall be paid over to the Lender to be held by it as security for the Obligations; and in case any distribution of capital or property shall be made on or in respect of any of the securities pursuant to the recapitalization or reclassification of the capital of the issuer thereof or pursuant to the reorganization of such issuer, the property so distributed shall be delivered to the Lender to be held by it as security for the Obligations. All sums of money paid and property distributed in respect of the securities upon such a liquidation, dissolution, recapitalization or reclassification which are received by the Company shall, until paid or delivered to the Lender, be held in trust for the Lender as security for the Obligations.

§7. ACCOUNTS RECEIVABLE. The Company shall continue to collect payment from debtors on accounts receivable of the Company, obligors on accounts, chattel paper and general intangibles of the Company, obligors on instruments for which the Company is an obligee and lessees and conditional vendees under agreements governing the leasing or selling by conditional sale of Collateral by the Company, until the Lender requests after the occurrence of an Event of Default, that such debtors, obligors, lessees or conditional vendors be notified of the Lender's security interest. Upon the making of such a request by the Lender, the Company shall hold, as trustee for the Lender, the proceeds received from such collection and shall turn the same over to the Lender, or to a bank as may be approved by the Lender, immediately upon receipt of such proceeds and in the identical form received. The Company shall, at the request of the Lender after the occurrence of an Event of Default, notify such account debtors and obligors that payment thereof is to be made directly to the Lender, and, if the Company does not promptly so notify such account debtors and obligors, the Lender may itself without further notice to or demand upon the Company, so notify such account debtors or obligors. The making of such a request or the giving of any such notification shall not affect the duties of the Company described above with respect to proceeds received by the Company. The Lender shall apply the proceeds of such collection received by the Lender to the Obligations in accordance with §3 of this Agreement. The application of the proceeds of such collection shall be conditional upon final payment in cash or solvent credits of the items giving rise to them. If any item is not so paid, the Lender in its

discretion, whether or not such item is returned, may either reverse any credit given for the item.

§8. EVENTS OF DEFAULT; REMEDIES. (a) An "Event of Default" hereunder shall mean (i) that a representation, warranty or certification made in this Agreement or in any document executed or delivered from time to time relating to this Agreement is materially untrue, misleading or incomplete in its recital of any facts at the time as of which such representation, warranty or certification, as the case may be, is made, or (ii) any default under the Note, whether or not any acceleration of the maturity of the amounts due in respect of any of the Obligations shall have occurred.

(b) Upon the occurrence and during the continuance of an Event of Default, to the fullest extent permitted by applicable law, in addition to the remedies set forth elsewhere in this Agreement:

(i) The Lender shall have, in addition to all other rights and remedies given it by any instrument or other agreement evidencing, or executed and delivered in connection with, any of the Obligations and otherwise allowed by law, the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Collateral may be located and the rights and remedies of a secured party holding a security interest in collateral pursuant to the ICA, and, without limiting the generality of the foregoing, the Lender may immediately, without (to the fullest extent permitted by law) demand of performance or advertisement or notice of intention to sell or of time or place of sale or of redemption or other notice or demand whatsoever, (except that the Lender shall give to the Company at least ten (10) days' notice of the time and place of any proposed sale or other disposition), all of which are hereby expressly waived to the fullest extent permitted by law, sell at public or private sale or otherwise realize upon, in the City of Boston, Massachusetts, or elsewhere, the whole or from time to time any part of the Collateral in or upon which the Lender shall have a security interest or lien hereunder, or any interest which the Company may have therein, and after deducting from the proceeds of sale or other disposition of the Collateral all expenses (including all reasonable expenses for legal services and disbursements, including without limitation reasonable allocated costs of staff counsel) as provided in §12 hereof, shall apply the residue of such proceeds toward the payment of the Obligations in accordance with §3 of this Security Agreement (without duplication for any expenses paid in accordance with the previous sentence hereof), the Company remaining liable for any deficiency remaining unpaid after such application. If notice of any sale or other disposition is required by law to be given to the Company or the Lender, each of the Company and the Lender hereby agrees that a notice given as hereinbefore provided shall be reasonable notice of such sale or other disposition. The Company also agrees to assemble the Collateral at such place or places as the Lender reasonably shall designate by written notice. At any such sale or other disposition the Lender may

itself, and any other person or entity owed any Obligation may itself, purchase the whole or any part of the Collateral sold, free from any right of redemption on the part of the Company, which right is hereby waived and released to the fullest extent permitted by law.

(ii) Furthermore, without limiting the generality of any of the rights and remedies conferred upon the Lender under §8(b)(i) hereof, the Lender to the fullest extent permitted by law may enter upon the premises of the Company, exclude the Company therefrom and take immediate possession of the Collateral, either personally or by means of a receiver appointed by a court therefor, using all necessary force to do so, and may, at its option, use, operate, manage and control the Collateral in any lawful manner and may collect and receive all rents, income, revenue, earnings, issues and profits therefrom, and may maintain, repair, renovate, alter or remove the Collateral as the Lender may determine in its discretion, and any such monies so collected or received by the Lender shall be applied to, or may be accumulated for application upon, the Obligations in accordance with §3 of this Agreement.

(iii) The Lender agrees that it will give notice to the Company of any enforcement action taken by it pursuant to this §8 promptly after commencing such action.

(iv) The Company recognizes that the Lender may be unable to effect a public sale of the securities by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers consistent with all applicable laws. The Company agrees that any such private sales may be at prices and other terms less favorable to the Company than if sold at public sales and that such private sales shall not by reason thereof be deemed not to have been made in a commercially reasonable manner. The Lender shall be under no obligation to delay a sale of any of the securities for the period of time necessary to permit the issuer of such securities to register such securities for public sale under the Securities Act of 1933, as amended, even if the issuer would agree to do so.

§9. MARSHALLING. The Lender shall not be required to marshal any present or future security for (including but not limited to this Agreement and the Collateral subject to the security interest created hereby), or guaranties of, the Obligations or any of them, or to resort to such security or guaranties in any particular order; and all of its rights hereunder and in respect of such securities and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Company hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Lender's rights under this Agreement or under any other instrument evidencing any of the Obligations or under which any of the

Obligations is outstanding or by which any of the Obligations is secured or guaranteed and, to the extent that it lawfully may, the Company hereby irrevocably waives the benefits of all such laws. Except as otherwise provided by applicable law, the Lender shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the sole custody thereof.

§10. COMPANY'S OBLIGATIONS NOT AFFECTED. To the extent permitted by law, the obligations of the Company under this Security Agreement shall remain in full force and effect without regard to, and shall not be impaired by (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of the Company, to the extent permitted by law; (b) any exercise or nonexercise, or any waiver, by the Lender of any right, remedy, power or privilege under or in respect of any of the Obligations or any security therefor (including this Agreement); (c) any amendment to or modification of this Agreement or any instrument evidencing any of the Obligations or pursuant to which any of them were issued, other than in the specific instance and for the specific purpose for which such amendment or modification was given; (d) any amendment to or modification of any instrument or agreement (other than this Agreement) securing any of the Obligations; or (e) the taking of additional security for or any guaranty of any of the Obligations or the release or discharge or termination of any security or guaranty for any of the Obligations; and whether or not the Company shall have notice or knowledge of any of the foregoing.

§11. NO WAIVER. No failure on the part of the Lender to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Lender of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power. Each and every right, remedy and power hereby granted to the Lender or the future holders of any of the Obligations or allowed to any of them by law or other agreement, including, without limitation, the Note, shall be cumulative and not exclusive of any other, and, subject to the provisions of this Agreement, may be exercised by the Lender or the future holders of any of the Obligations from time to time.

§12. EXPENSES. The Company agrees to pay, on demand, all reasonable costs and expenses (including reasonable attorneys' fees and expenses for legal services of every kind, including without limitation reasonable allocated costs of staff counsel) of the Lender incidental to the sale of, or realization upon, any of the Collateral or in any way relating to the perfection, enforcement or protection of the rights of the Lender hereunder; and the Lender may at any time apply to the payment of all such costs and expenses all monies of the Company or other proceeds arising from its possession or disposition of all or any portion of the Collateral.

§13. CONSENTS, AMENDMENTS, WAIVERS. Any term of this Agreement may be amended only by a writing signed by the Lender and the Company, and the performance or observance by the Company of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a writing signed by the Lender.

§14. GOVERNING LAW. Except as otherwise required by the laws of any jurisdiction in which any Collateral is located, this Agreement shall be deemed to be a contract under seal and shall for all purposes be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

§15. PARTIES IN INTEREST. All terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto, provided that the Company may not assign or transfer its rights hereunder without the prior written consent of the Lender.

§16. COUNTERPARTS. This Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. In proving this Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

§17. TERMINATION. Upon the irrevocable payment in full in cash of the Obligations and all other amounts then due and payable under the Note in accordance with their terms, this Agreement shall terminate and the Company shall be entitled to the return, at the Company's expense, of such Collateral in the possession or control of the Lender as has not theretofore been disposed of pursuant to the provisions hereof.

§18. NOTICES. Except as otherwise expressly provided herein, all notices and other communications made or required to be given pursuant to this Agreement shall be in writing and shall be delivered by hand, mailed by United States registered or certified first-class mail, postage pre-paid, or sent by telecopy, telegraph or telex and confirmed by letter, addressed as follows:

(a) if to the Company, at:

303 West Jackson
Hugo, Oklahoma 74743
Attention: President

or at such other addresses for notice as the Company shall last have furnished in writing to the Lender;

(b) if to the Lender at:

303 West Jackson
Hugo, Oklahoma 74743
Attention: President

or at such other address for notice as the Lender shall last have furnished in writing to the person giving the notice.

Any such notice or demand shall be deemed to have been duly given or made and to have become effective (i) if delivered by hand to a responsible officer of the party to which it is directed, at time of the receipt thereof by such officer, (ii) if sent by registered or certified first-class mail, postage prepaid, to be received on the earlier of (A) the fifth business day following the mailing thereof or (B) the day of receipt thereof if a business day, or if not a business day, the next succeeding business day and (iii) if sent by telecopy, telex or cable, at the time of dispatch thereof, if in normal business hours in the state where received or otherwise at the opening of business on the following business day.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed as an instrument under seal by their authorized representatives as of the date first written above.

[Corporate Seal]

CHAPARRAL RAILROAD COMPANY, INC.

By: James S. Shaw
Title: PRESIDENT

KIAMICHI RAILROAD COMPANY, INC.

By: Emily H. Gible
Title: Secretary

State of Oklahoma)
) ss.
County of Choctaw)

On this 3rd day of Dec., 1993, before me personally appeared Samuel Shaffer to me personally known, who, being by me duly sworn, says that he is Secretary of Kiamichi Railroad Company, Inc., that the seal affixed to the foregoing instrument beside his signature is the corporate seal of said corporation and that the said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Kimberly D. Kain
Notary Public

My commission expires: 6/22/97

State of Oklahoma)
) ss.
County of Choctaw)

On this 3rd day of Dec., 1993, before me personally appeared Samuel Shaffer to me personally known, who, being by me duly sworn, says that he is President of Chaparral Railroad Company, Inc., and that he is duly authorized to sign the foregoing instrument on behalf of said banking association, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said banking association.

Kimberly D. Kain
Notary Public

My commission expires: 6/22/97

Uniform Commercial Code — FINANCING STATEMENT — Form UCC-1

IMPORTANT — Read instructions on back before filling out form

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code.

4. <input type="checkbox"/> Filed for record in the real estate records.	5. <input checked="" type="checkbox"/> Debtor is a Transmitting Utility.	6. No. of Additional Sheets Presented:
1. Debtor(s) (Last Name First) and address(es) Chaparral Railroad Company, Inc. 303 West Jackson Hugo, OK 74743	2. Secured Party(ies) and address(es) Kiamichi Railroad Company, Inc. 303 West Jackson Hugo, OK 74743	3. For Filing Officer (Date, Time, Number, and Filing Office)

7. This financing statement covers the following types (or items) of property:

ASSIGNEE OF SECURED PARTY:
The First National Bank of Boston
100 Federal Street
Boston, MA 02110

See Exhibit A attached hereto and made a part hereof.

Filed with: Oklahoma Secretary of State

☒ Proceeds and Products of Collateral are also covered.

Whichever is Applicable (See Instruction Number 9)

Chaparral Railroad Company, Inc.
James S. Shull President

Signature(s) of Debtor (Or Assignor)

Title

Kiamichi Railroad Company, Inc.

James S. Shull President

Signature(s) of Secured Party (Or Assignee)

Title

FILING OFFICER COPY - ALPHABETICAL

STANDARD FORM - UNIFORM COMMERCIAL CODE - FORM UCC-1

Rev. Jan. 1980

EXHIBIT A

Form of Financing Statement

Uniform Commercial Code — FINANCING STATEMENT — Form UCC-1

IMPORTANT — Read Instructions on back before filling out form

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code.

4. <input type="checkbox"/> Filed for record in the real estate records.	5. <input type="checkbox"/> Debtor is a Transmitting Utility.	6. No. of Additional Sheets Presented:
1. Debtor(s) (Last Name First) and address(es) Chaparral Railroad Company, Inc. 303 West Jackson Hugo, OK 74743	2. Secured Party(ies) and address(es) Kiamichi Railroad Company, Inc. 303 West Jackson Hugo, OK 74743	3. For Filing Officer (Date, Time, Number, and Filing Office)

7. This financing statement covers the following types (or items) of property:

ASSIGNEE OF SECURED PARTY:
The First National Bank of Boston
100 Federal Street
Boston, MA 02110

See Exhibit A attached hereto and made a part hereof.

Filed with: OK, Oklahoma County Clerk

☒ Proceeds and
Products of Collateral are also covered.

Whichever is
Applicable
(See instruction
Number 9)

Chaparral Railroad Company, Inc.
James S. Shull
Signature(s) of Debtor (Or Assignor) Title

Kiamichi Railroad Company, Inc.
James S. Shull
Signature(s) of Secured Party (Or Assignee) Title

FILING OFFICER COPY - ALPHABETICAL

STANDARD FORM - UNIFORM COMMERCIAL CODE - FORM UCC-1

Rev. Jan. 1980

Uniform Commercial Code — FINANCING STATEMENT — Form UCC-1

IMPORTANT — Read instructions on back before filling out form

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code.

<p>4. <input type="checkbox"/> Filed for record in the real estate records.</p>	<p>5. <input checked="" type="checkbox"/> Debtor is a Transmitting Utility.</p>	<p>6. No. of Additional Sheets Presented:</p>
<p>1. Debtor(s) (Last Name First) and address(es) Chaparral Railroad Company, Inc. 303 West Jackson Hugo, OK 74743</p>	<p>2. Secured Party(ies) and address(es) Kiamichi Railroad Company, Inc. 303 West Jackson Hugo, OK 74743</p>	<p>3. For Filing Officer (Date, Time, Number, and Filing Office)</p>

7. This financing statement covers the following types (or items) of property:

ASSIGNEE OF SECURED PARTY:
The First National Bank of Boston
100 Federal Street
Boston, MA 02110

See Exhibit A attached hereto and made a part hereof.

Filed with: Texas Secretary of State

☒ Proceeds and Products of Collateral are also covered.

Whichever is Applicable (See Instruction Number 9)

Chaparral Railroad Company, Inc.
James S. Shull President
Signature(s) of Debtor (Or Assignor) Title

Kiamichi Railroad Company, Inc.
James S. Shull President
Signature(s) of Secured Party (Or Assignee) Title

FILING OFFICER COPY - ALPHABETICAL

STANDARD FORM - UNIFORM COMMERCIAL CODE - FORM UCC-1 Rev. Jan. 1980

Uniform Commercial Code — FINANCING STATEMENT — Form UCC-1

IMPORTANT — Read instructions on back before filling out form

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code.

4. <input checked="" type="checkbox"/> Filed for record in the real estate records.	5. <input checked="" type="checkbox"/> Debtor is a Transmitting Utility.	6. No. of Additional Sheets Presented:
1. Debtor(s) (Last Name First) and address(es) Chaparral Railroad Company, Inc. 303 West Jackson Hugo, OK 74743	2. Secured Party(ies) and address(es) Kiamichi Railroad Company, Inc. 303 West Jackson Hugo, OK 74743	3. For Filing Officer (Date, Time, Number, and Filing Office)

7. This financing statement covers the following types (or items) of property:

ASSIGNEE OF SECURED PARTY:
The First National Bank of Boston
100 Federal Street
Boston, MA 02110

See Exhibit A attached hereto and made a part hereof.

Filed with: Texas, Collin County Land Records and UCC Records ☒ Proceeds, and Products of Collateral are also covered.

Which ever is Applicable (See Instruction Number 9) Chaparral Railroad Company, Inc. <i>James S. Shull</i> President Signature(s) of Debtor (Or Assignor) Title	Kiamichi Railroad Company, Inc. <i>James S. Shull</i> President Signature(s) of Secured Party (Or Assignee) Title
--	---

FILING OFFICER COPY - ALPHABETICAL
STANDARD FORM - UNIFORM COMMERCIAL CODE - FORM UCC-1

Rev. Jan. 1980

Uniform Commercial Code — FINANCING STATEMENT — Form UCC-1

IMPORTANT — Read instructions on back before filling out form

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code.

<p>4. <input checked="" type="checkbox"/> Filed for record in the real estate records.</p>	<p>5. <input checked="" type="checkbox"/> Debtor is a Transmitting Utility.</p>	<p>6. No. of Additional Sheets Presented:</p>
<p>1. Debtor(s) (Last Name First) and address(es) Chaparral Railroad Company, Inc. 303 West Jackson Hugo, OK 74743</p>	<p>2. Secured Party(ies) and address(es) Kiamichi Railroad Company, Inc. 303 West Jackson Hugo, OK 74743</p>	<p>3. For Filing Officer (Date, Time, Number, and Filing Office)</p>

7. This financing statement covers the following types (or items) of property:

ASSIGNEE OF SECURED PARTY:
The First National Bank of Boston
100 Federal Street
Boston, MA 02110

See Exhibit A attached hereto and made a part hereof.

Filed with: Texas, Delta County Land Records and UCC Records ☒ Proceeds and Products of Collateral are also covered.

<p>Whichever is Applicable (See Instruction Number 9)</p>	<p>Chaparral Railroad Company, Inc. <i>James S. Shik</i> Signature(s) of Debtor (Or Assignor) Title</p>	<p>Kiamichi Railroad Company, Inc. <i>James S. Shik</i> Signature(s) of Secured Party (Or Assignee) Title</p>
---	---	---

Uniform Commercial Code — FINANCING STATEMENT — Form UCC-1

IMPORTANT — Read instructions on back before filling out form

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code.

<p><input checked="" type="checkbox"/> Filed for record in the real estate records.</p>	<p><input checked="" type="checkbox"/> Debtor is a Transmitting Utility.</p>	<p>6. No. of Additional Sheets Presented:</p>
<p>1. Debtor(s) (Last Name First) and address(es) Chaparral Railroad Company, Inc. 303 West Jackson Hugo, OK 74743</p>	<p>2. Secured Party(ies) and address(es) Kiamichi Railroad Company, Inc. 303 West Jackson Hugo, OK 74743</p>	<p>3. For Filing Officer (Date, Time, Number, and Filing Office)</p>

7. This financing statement covers the following types (or items) of property:

ASSIGNEE OF SECURED PARTY:
The First National Bank of Boston
100 Federal Street
Boston, MA 02110

See Exhibit A attached hereto and made a part hereof.

Filed with: Texas, Fannin County Land Records and UCC Records ☒ Proceeds and Products of Collateral are also covered.

<p>Whichever is Applicable (See Instruction Number 9)</p>	<p>Chaparral Railroad Company, Inc. <i>James S. Shull</i> Signature(s) of Debtor (Or Assignor) Title</p>	<p>Kiamichi Railroad Company, Inc. <i>James S. Shull</i> Signature(s) of Secured Party (Or Assignee) Title</p>
---	--	--

FILING OFFICER COPY - ALPHABETICAL

STANDARD FORM - UNIFORM COMMERCIAL CODE - FORM UCC-1

Rev. Jan. 1980

Uniform Commercial Code — FINANCING STATEMENT — Form UCC-1
IMPORTANT — Read instructions on back before filling out form

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code.

4. <input checked="" type="checkbox"/> Filed for record in the real estate records.	
1. Debtor(s) (Last Name First) and address(es) Chaparral Railroad Company, Inc. 303 West Jackson Hugo, OK 74743	5. <input checked="" type="checkbox"/> Debtor is a Transferring Utility. 2. Secured Party(ies) and address(es) Kiamichi Railroad Company, Inc. 303 West Jackson Hugo, OK 74743
3. For Filing Officer (Date, Time, Number, and Filing Office)	
6. No. of Additional Sheets Presented	

7. This financing statement covers the following types (or items) of property:

ASSIGNEE OF SECURED PARTY:
The First National Bank of Boston
100 Federal Street
Boston, MA 02110

See Exhibit A attached hereto and made a part hereof.

Filed with: Texas, Hunt County Land Records and UCC Records

Whichever is
Applicable
(See Instruction
Number 9)

☒ Processed and
Products of Collateral are also covered.

Chaparral Railroad Company, Inc.
Signature(s) of Debtor (Or Assignor)

Signature(s) of Secured Party (Or Assignee)

Title

Rev. Jan. 1980

Kiamichi Railroad Company, Inc.
Signature(s) of Secured Party (Or Assignee)

Title

FILING OFFICER COPY - ALPHABETICAL
STANDARD FORM - UNIFORM COMMERCIAL CODE - FORM UCC-1

Uniform Commercial Code — FINANCING STATEMENT — Form UCC-1

IMPORTANT — Read instructions on back before filling out form

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code.

<p>4. <input checked="" type="checkbox"/> Filed for record in the real estate records.</p>	<p>5. <input checked="" type="checkbox"/> Debtor is a Transmilling Utility.</p>	<p>6. No. of Additional Sheets Presented:</p>		
<p>1. Debtor(s) (Last Name First) and address(es) Chaparral Railroad Company, Inc. 303 West Jackson Hugo, OK 74743</p>	<p>2. Secured Party(ies) and address(es) Kiamichi Railroad Company, Inc. 303 West Jackson Hugo, OK 74743</p>	<p>3. For Filing Officer (Date, Time, Number, and Filing Office)</p>		
<p>7. This financing statement covers the following types (or items) of property:</p> <p style="text-align: center;">ASSIGNEE OF SECURED PARTY: The First National Bank of Boston 100 Federal Street Boston, MA 02110</p> <p>See <u>Exhibit A</u> attached hereto and made a part hereof.</p>				
<p>Filed with: Texas, Lamar County Land Records and UCC Records <input checked="" type="checkbox"/> Proceeds and Products of Collateral are also covered.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Which ever is Applicable (See Instruction Number 9)</p> <p>Chaparral Railroad Company, Inc.</p> <p><i>James S. Gill</i> President</p> <p>Signature(s) of Debtor (Or Assignor) Title</p> </td> <td style="width: 50%; vertical-align: top;"> <p>Kiamichi Railroad Company, Inc.</p> <p><i>James S. Gill</i> President</p> <p>Signature(s) of Secured Party (Or Assignee) Title</p> </td> </tr> </table> <p>FILING OFFICER COPY - ALPHABETICAL STANDARD FORM - UNIFORM COMMERCIAL CODE - FORM UCC-1 Rev. Jan. 1980</p>			<p>Which ever is Applicable (See Instruction Number 9)</p> <p>Chaparral Railroad Company, Inc.</p> <p><i>James S. Gill</i> President</p> <p>Signature(s) of Debtor (Or Assignor) Title</p>	<p>Kiamichi Railroad Company, Inc.</p> <p><i>James S. Gill</i> President</p> <p>Signature(s) of Secured Party (Or Assignee) Title</p>
<p>Which ever is Applicable (See Instruction Number 9)</p> <p>Chaparral Railroad Company, Inc.</p> <p><i>James S. Gill</i> President</p> <p>Signature(s) of Debtor (Or Assignor) Title</p>	<p>Kiamichi Railroad Company, Inc.</p> <p><i>James S. Gill</i> President</p> <p>Signature(s) of Secured Party (Or Assignee) Title</p>			

Exhibit A to Financing Statement

Debtor: Chaparral Railroad Company, Inc.

Secured Party: Kiamichi Railroad Company, Inc.

Assignee of
Secured Party: The First National Bank of Boston

All properties, assets and rights of the Debtor of every kind and nature, wherever located, now owned or hereafter acquired or arising, and all proceeds and products thereof, including, without limiting the generality of the foregoing, all goods, accounts, including all accounts receivable, contract rights, including, without limitation, all rights of the Debtor under any interest rate protection arrangements, all rights of the Debtor under leases of equipment and other personal property, and all rights of the Debtor under any agreements with operating railroads pursuant to which rights of passage over tracks are granted during periods of emergency and disasters, rights to the payment of money including tax refund claims, insurance proceeds and tort claims, chattel paper, documents, instruments, general intangibles, the Debtor's operating certificate from the Interstate Commerce Commission, securities, together with all income therefrom, increases thereunder and proceeds thereof, patents, trademarks, tradenames, copyrights, engineering drawings, service marks, customer lists, books and records, furniture, fixtures, rolling stock of every kind and description, locomotives, rail, ties and capital improvements thereon, equipment, maintenance of way equipment, inventory and all other capital assets, raw materials, work in progress, and real property and interests in and rights in, on or over real property, including railbeds, yards and maintenance areas.

EXHIBIT "B"
Legal Description

THAT PORTION OF THE REAL ESTATE AND IMPROVEMENTS THAT CONSTITUTES THAT CERTAIN LINE OF RAILROAD CONNECTING FARMERSVILLE AND PARIS, TEXAS, INCLUDING ANY EXTRA-WIDTH RIGHT-OF-WAY, WHICH IS DESIGNATED IN THE RECORDS OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY AS THE PARIS SUBDIVISION OF THE TEXAS DIVISION IN THE COUNTIES OF COLLIN, HUNT, FANNIN, DELTA AND LAMAR, STATE OF TEXAS, BEING A PORTION OF THAT CERTAIN 90.4 MILE RAILROAD DESCRIBED EIGHTH IN DEED DATED AUGUST 1, 1965, FROM GULF, COLORADO AND SANTE FE RAILWAY COMPANY TO THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, FILED FOR RECORD AUGUST 2, 1965 IN VOLUME 657 OF DEEDS AT PAGE 580 OF THE RECORDS OF COLLIN COUNTY, AND FILED FOR RECORD AUGUST 3, 1965 IN VOLUME 129 OF DEEDS AT PAGE 348 OF THE RECORDS OF DELTA COUNTY, AND FILED FOR RECORD AUGUST 2, 1965 VOLUME 482 OF DEEDS AT PAGE 593 OF THE RECORDS OF FANNIN COUNTY, AND FILED FOR RECORD AUGUST 2, 1965 IN RECORD BOOK 635 AT PAGE 401 OF THE RECORDS OF HUNT COUNTY, AND FILED FOR RECORD AUGUST 2, 1965 IN VOLUME 433 OF DEEDS AT PAGE 57 OF THE RECORDS OF LAMAR COUNTY, LYING NORTHERLY OF THE SOUTHEASTERLY BOUNDARY OF THE LOUISIANA & ARKANSAS RAILWAY OF FARMERSVILLE, TEXAS. THIS LINE OF RAILROAD IS DESCRIBED MORE SPECIFICALLY AS FOLLOWS:

1. COLLIN COUNTY

BEGINNING AT MILE POST 91+0445.6 FEET, BEING THE INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE SOUTHEASTERLY BOUNDARY OF THE LOUISIANA & ARKANSAS RAILWAY COMPANY, AND EXTENDING IN A GENERALLY NORTHEASTERLY DIRECTION THROUGH THE WILLIAM B. WILLIAMS SURVEY, WILLIAM HEMPHILL SURVEY, SUSANNAH WALKER SURVEY AND JAMES ELLISON SURVEY, TO THE INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE COLLIN-HUNT LINE, IN THE GEORGE McCONNELL SURVEY.

2. HUNT COUNTY

BEGINNING AT THE INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE HUNT-COLLIN COUNTY LINE IN THE GEORGE McCONNELL SURVEY AND EXTENDING IN A GENERALLY NORTHEASTERLY DIRECTION THROUGH THE THOMAS HUNT SURVEY (AT THE UNINCORPORATED COMMUNITY OF MERIT), CHARLES Y. DOUGLASS SURVEY, JESSE HUMPHRIES SURVEY, JAMES W. HARRISON SURVEY, BENJAMIN F. BARR SURVEY, WILLIAM KEIZER SURVEY, MARGARET HALL SURVEY, NAPOLEON CONN SURVEY, WILLIAM KEIZER SURVEY, BUFFALO BAYOU, BRAZOS COLORADO RR. CO. SURVEY, (AT THE INCORPORATED COMMUNITY OF CELESTE), JAMES GRANT SURVEY, JOHN HART SURVEY, L. W. NICHOLSON SURVEY, JAMES NICHOLSON SURVEY, R. B. HALEY SURVEY, C. A. WARFIELD SURVEY, JOHN FREEMAN SURVEY, VALENTINE KEIZER SURVEY, JOSEPH WILSON SURVEY, JOHN LOVING SURVEY, MRS. A. S. HALDERMAN

SURVEY, THOMAS COX SURVEY, JOSEPH N. DONSTEIN SURVEY, URIAH BLUE SURVEY (AT THE INCORPORATED COMMUNITY OF WOLFE CITY), JOHN CLAYTON SURVEY AND SAMUEL H. BISH SURVEY TO THE FIRST INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE HUNT-FANNIN COUNTY LINE, IN THE JAMES GOODMAN SURVEY (ABSTRACT 344).

BEGINNING AT THE SECOND INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE HUNT-FANNIN COUNTY LINE, IN THE JOHN A. CLAYTON SURVEY (ABSTRACT 201), AND EXTENDING IN A GENERALLY EASTERLY AND NORTHEASTERLY DIRECTION THROUGH THE JAMES GOODMAN SURVEY (ABSTRACT 344) AND A. L. TERRY SURVEY (ABSTRACT 1063) TO THE THIRD INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE HUNT-FANNIN COUNTY LINE, IN THE E. L. ROYLAND SURVEY (ABSTRACT 918).

2. FANNIN COUNTY

BEGINNING AT THE HEREINABOVE DESCRIBED FIRST INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE FANNIN-HUNT COUNTY LINE, IN THE JAMES GOODMAN SURVEY (ABSTRACT 1359) AND EXTENDING IN A GENERALLY NORTHEASTERLY AND EASTERLY DIRECTION TO THE SECOND INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE FANNIN-HUNT COUNTY LINE, IN THE JOHN A. CLAYTON SURVEY (ABSTRACT 244).

BEGINNING AT THE HEREINABOVE DESCRIBED THIRD INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE FANNIN-HUNT COUNTY LINE, IN THE E. L. ROYLAND SURVEY (ABSTRACT 1369) AND EXTENDING IN A GENERALLY NORTHEASTERLY DIRECTION THROUGH THE W. W. KELLY SURVEY (ABSTRACT 621), WILLIAM HUNT SURVEY (ABSTRACT 512), JOHN WELLS SURVEY (ABSTRACT 1204), BUFFALO BAYOU, BRAZOS & COLORADO RR. CO. SURVEY (ABSTRACT 131), MILLS PILAND SURVEY (ABSTRACT 897), TILMAN MARTIN SURVEY (ABSTRACT 746), E. C. VICKS SURVEY (ABSTRACT 1143), GEORGE H. NELSON SURVEY (ABSTRACT 841), A. J. ERWIN SURVEY (ABSTRACT 352), N. P. LAWSON SURVEY (ABSTRACT 644), N. T. MYERS SURVEY (ABSTRACT 722), J. ROBINSON SURVEY (ABSTRACT 955) (AT THE INCORPORATED COMMUNITY OF LADONIA), FRANKLIN SIMMONS SURVEY (ABSTRACT 1052), J. ROBINSON SURVEY (ABSTRACT 956), A. C. JEWETT SURVEY (ABSTRACT 581), L. RICHARDSON SURVEY (ABSTRACT 964), AND G. W. KING SURVEY (ABSTRACT 603) TO THE INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE FANNIN-DELTA COUNTY LINE, IN THE CURTIS JURNEGAN SURVEY (ABSTRACT 579).

4. DELTA COUNTY

BEGINNING AT THE INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION RAILROAD WITH THE DELTA-FANNIN COUNTY LINE, IN THE CURTIS JURNEGAN SURVEY (NEAR THE INCORPORATED

COMMUNITY OF PECAN GAP) AND EXTENDING IN A GENERALLY NORTHEASTERLY DIRECTION THROUGH THE BENJAMIN B. DAVIS SURVEY, ISAIAH DAVIS SURVEY, KINSEY L. TUDOR SURVEY, JAMES BOURLAND SURVEY, T. B. CHAFFIN SURVEY (AT THE UNINCORPORATED COMMUNITY OF BEN FRANKLIN), BENJAMIN SIMMONS SURVEY AND SIMON DERRICK SURVEY TO THE INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE DELTA-LAMAR COUNTY LINE, IN THE U. MATHESON SURVEY.

5. LAMAR COUNTY

BEGINNING AT THE INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE LAMAR-DELTA COUNTY LINE, IN THE U. MATHESON SURVEY AND EXTENDING IN A GENERALLY NORTHEASTERLY DIRECTION THROUGH THE J. F. BOX SURVEY, J. H. FOWLER SURVEY, JOHN D. SPAIN SURVEY, J. M. KINBELL SURVEY, ELI BARNETT SURVEY (AT THE INCORPORATED COMMUNITY OF ROXTON), W. B. WARD SURVEY, J. FOSTER SURVEY, BRADFORD C. FOWER SURVEY, W. T. MONTGOMERY SURVEY (AT THE FORMER RAILROAD STATION OF AMBIA), L. D. BARRY SURVEY, HIRAM RUSSELL SURVEY, E. WOOLDRIDGE SURVEY, JAMES REED SURVEY, JAMES ATKINSON SURVEY. W. O. MATTHEWS SURVEY, M. E. P. & P. & P. RR. SURVEY NO. 37, L. EWER SURVEY, HEAD RIGHT SURVEY, ASA JARMAN SURVEY AND LARKIN RATTAN SURVEY TO MILE POST 152+2559 FEET, BEING THE INTERSECTION OF THE CENTER LINE OF THE ORIGINAL LOCATION OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE WESTERLY BOUNDARY OF THAT CERTAIN 0.304 OF AN ACRE PARCEL OF LAND DESCRIBED IN DEED DATED APRIL 10, 1984, TO D. L. ENGLISH AND WIFE PATSY ENGLISH, IN THE R. RUSSELL SURVEY, AND THE POINT OF ENDING OF THE LINE OF RAILROAD TO BE DESCRIBED.

SCHEDULE 4(a)
Real Property

THAT PORTION OF THE REAL ESTATE AND IMPROVEMENTS THAT CONSTITUTES THAT CERTAIN LINE OF RAILROAD CONNECTING FARMERSVILLE AND PARIS, TEXAS, INCLUDING ANY EXTRA-WIDTH RIGHT-OF-WAY, WHICH IS DESIGNATED IN THE RECORDS OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY AS THE PARIS SUBDIVISION OF THE TEXAS DIVISION IN THE COUNTIES OF COLLIN, HUNT, FANNIN, DELTA AND LAMAR, STATE OF TEXAS, BEING A PORTION OF THAT CERTAIN 90.4 MILE RAILROAD DESCRIBED EIGHTH IN DEED DATED AUGUST 1, 1965, FROM GULF, COLORADO AND SANTE FE RAILWAY COMPANY TO THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, FILED FOR RECORD AUGUST 2, 1965 IN VOLUME 657 OF DEEDS AT PAGE 580 OF THE RECORDS OF COLLIN COUNTY, AND FILED FOR RECORD AUGUST 3, 1965 IN VOLUME 129 OF DEEDS AT PAGE 348 OF THE RECORDS OF DELTA COUNTY, AND FILED FOR RECORD AUGUST 2, 1965 VOLUME 482 OF DEEDS AT PAGE 593 OF THE RECORDS OF FANNIN COUNTY, AND FILED FOR RECORD AUGUST 2, 1965 IN RECORD BOOK 635 AT PAGE 401 OF THE RECORDS OF HUNT COUNTY, AND FILED FOR RECORD AUGUST 2, 1965 IN VOLUME 433 OF DEEDS AT PAGE 57 OF THE RECORDS OF LAMAR COUNTY, LYING NORTHERLY OF THE SOUTHEASTERLY BOUNDARY OF THE LOUISIANA & ARKANSAS RAILWAY OF FARMERSVILLE, TEXAS. THIS LINE OF RAILROAD IS DESCRIBED MORE SPECIFICALLY AS FOLLOWS:

1. COLLIN COUNTY

BEGINNING AT MILE POST 91+0445.6 FEET, BEING THE INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE SOUTHEASTERLY BOUNDARY OF THE LOUISIANA & ARKANSAS RAILWAY COMPANY, AND EXTENDING IN A GENERALLY NORTHEASTERLY DIRECTION THROUGH THE WILLIAM B. WILLIAMS SURVEY, WILLIAM HEMPHILL SURVEY, SUSANNAH WALKER SURVEY AND JAMES ELLISON SURVEY, TO THE INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE COLLIN-HUNT LINE, IN THE GEORGE McCONNELL SURVEY.

2. HUNT COUNTY

BEGINNING AT THE INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE HUNT-COLLIN COUNTY LINE IN THE GEORGE McCONNELL SURVEY AND EXTENDING IN A GENERALLY NORTHEASTERLY DIRECTION THROUGH THE THOMAS HUNT SURVEY (AT THE UNINCORPORATED COMMUNITY OF MERIT), CHARLES Y. DOUGLASS SURVEY, JESSE HUMPHRIES SURVEY, JAMES W. HARRISON SURVEY, BENJAMIN F. BARR SURVEY, WILLIAM KEIZER SURVEY, MARGARET HALL SURVEY, NAPOLEON CONN SURVEY, WILLIAM KEIZER SURVEY, BUFFALO BAYOU, BRAZOS COLORADO RR. CO. SURVEY, (AT THE INCORPORATED COMMUNITY OF CELESTE), JAMES GRANT SURVEY, JOHN HART SURVEY, L. W. NICHOLSON SURVEY, JAMES NICHOLSON SURVEY, R. B. HALEY SURVEY, C. A. WARFIELD SURVEY, JOHN FREEMAN SURVEY, VALENTINE KEIZER SURVEY, JOSEPH WILSON SURVEY, JOHN LOVING SURVEY, MRS. A. S. HALDERMAN

SURVEY, THOMAS COX SURVEY, JOSEPH N. DONSTEIN SURVEY, URIAH BLUE SURVEY (AT THE INCORPORATED COMMUNITY OF WOLFE CITY), JOHN CLAYTON SURVEY AND SAMUEL H. BISH SURVEY TO THE FIRST INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE HUNT-FANNIN COUNTY LINE, IN THE JAMES GOODMAN SURVEY (ABSTRACT 344).

BEGINNING AT THE SECOND INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE HUNT-FANNIN COUNTY LINE, IN THE JOHN A. CLAYTON SURVEY (ABSTRACT 201), AND EXTENDING IN A GENERALLY EASTERLY AND NORTHEASTERLY DIRECTION THROUGH THE JAMES GOODMAN SURVEY (ABSTRACT 344) AND A. L. TERRY SURVEY (ABSTRACT 1063) TO THE THIRD INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE HUNT-FANNIN COUNTY LINE, IN THE E. L. ROYLAND SURVEY (ABSTRACT 918).

2. FANNIN COUNTY

BEGINNING AT THE HEREINABOVE DESCRIBED FIRST INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE FANNIN-HUNT COUNTY LINE, IN THE JAMES GOODMAN SURVEY (ABSTRACT 1359) AND EXTENDING IN A GENERALLY NORTHEASTERLY AND EASTERLY DIRECTION TO THE SECOND INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE FANNIN-HUNT COUNTY LINE, IN THE JOHN A. CLAYTON SURVEY (ABSTRACT 244).

BEGINNING AT THE HEREINABOVE DESCRIBED THIRD INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE FANNIN-HUNT COUNTY LINE, IN THE E. L. ROYLAND SURVEY (ABSTRACT 1369) AND EXTENDING IN A GENERALLY NORTHEASTERLY DIRECTION THROUGH THE W. W. KELLY SURVEY (ABSTRACT 621), WILLIAM HUNT SURVEY (ABSTRACT 512), JOHN WELLS SURVEY (ABSTRACT 1204), BUFFALO BAYOU, BRAZOS & COLORADO RR. CO. SURVEY (ABSTRACT 131), MILLS PILAND SURVEY (ABSTRACT 897), TILMAN MARTIN SURVEY (ABSTRACT 746), E. C. VICKS SURVEY (ABSTRACT 1143), GEORGE H. NELSON SURVEY (ABSTRACT 841), A. J. ERWIN SURVEY (ABSTRACT 352), N. P. LAWSON SURVEY (ABSTRACT 644), N. T. MYERS SURVEY (ABSTRACT 722), J. ROBINSON SURVEY (ABSTRACT 955) (AT THE INCORPORATED COMMUNITY OF LADONIA), FRANKLIN SIMMONS SURVEY (ABSTRACT 1052), J. ROBINSON SURVEY (ABSTRACT 956), A. C. JEWETT SURVEY (ABSTRACT 581), L. RICHARDSON SURVEY (ABSTRACT 964), AND G. W. KING SURVEY (ABSTRACT 603) TO THE INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE FANNIN-DELTA COUNTY LINE, IN THE CURTIS JURNEGAN SURVEY (ABSTRACT 579).

4. DELTA COUNTY

BEGINNING AT THE INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION RAILROAD WITH THE DELTA-FANNIN COUNTY LINE, IN THE CURTIS JURNEGAN SURVEY (NEAR THE INCORPORATED

COMMUNITY OF PECAN GAP) AND EXTENDING IN A GENERALLY NORTHEASTERLY DIRECTION THROUGH THE BENJAMIN B. DAVIS SURVEY, ISAIAH DAVIS SURVEY, KINSEY L. TUDOR SURVEY, JAMES BOURLAND SURVEY, T. B. CHAFFIN SURVEY (AT THE UNINCORPORATED COMMUNITY OF BEN FRANKLIN), BENJAMIN SIMMONS SURVEY AND SIMON DERRICK SURVEY TO THE INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE DELTA-LAMAR COUNTY LINE, IN THE U. MATHESON SURVEY.

5. LAMAR COUNTY

BEGINNING AT THE INTERSECTION OF THE CENTER LINE OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE LAMAR-DELTA COUNTY LINE, IN THE U. MATHESON SURVEY AND EXTENDING IN A GENERALLY NORTHEASTERLY DIRECTION THROUGH THE J. F. BOX SURVEY, J. H. FOWLER SURVEY, JOHN D. SPAIN SURVEY, J. M. KINBELL SURVEY, ELI BARNETT SURVEY (AT THE INCORPORATED COMMUNITY OF ROXTON), W. B. WARD SURVEY, J. FOSTER SURVEY, BRADFORD C. FOWER SURVEY, W. T. MONTGOMERY SURVEY (AT THE FORMER RAILROAD STATION OF AMBIA), L. D. BARRY SURVEY, HIRAM RUSSELL SURVEY, E. WOOLDRIDGE SURVEY, JAMES REED SURVEY, JAMES ATKINSON SURVEY. W. O. MATTHEWS SURVEY, M. E. P. & P. & P. RR. SURVEY NO. 37, L. EWER SURVEY, HEAD RIGHT SURVEY, ASA JARMAN SURVEY AND LARKIN RATTAN SURVEY TO MILE POST 152+2559 FEET, BEING THE INTERSECTION OF THE CENTER LINE OF THE ORIGINAL LOCATION OF THE PARIS SUBDIVISION LINE OF RAILROAD WITH THE WESTERLY BOUNDARY OF THAT CERTAIN 0.304 OF AN ACRE PARCEL OF LAND DESCRIBED IN DEED DATED APRIL 10, 1984, TO D. L. ENGLISH AND WIFE PATSY ENGLISH, IN THE R. RUSSELL SURVEY, AND THE POINT OF ENDING OF THE LINE OF RAILROAD TO BE DESCRIBED.

CHAPARRAL SECURITY AGREEMENT

SCHEDULE 4(b)

Rolling Stock

All rolling stock acquired after the date hereof.

CHAPARRAL SECURITY AGREEMENT

SCHEDULE 4(c)

Patents, Trademarks, Copyrights

None.

CHAPARRAL SECURITY AGREEMENT

SCHEDULE 4(d)

Collateral Locations

303 West Jackson
Hugo, Oklahoma 74743